

To Chair Gomez and Members of the Minnesota House Committee on Taxes:

The undersigned organizations¹ are writing to express our shared concerns about proposals to eliminate state taxes on Social Security benefits. We ask that you do everything possible to protect the state's tax base from cuts and exemptions that would benefit the wealthy at the expense of our collective needs.

Right now, Minnesotans are struggling to afford housing, childcare, college, and many other building blocks of a prosperous and dignified life. At the same time, our schools, hospitals, and physical infrastructure are in desperate need of investment. These are collective challenges that require collective solutions, which can be funded only through government spending.

We should expend public resources to make life easier and more affordable for all Minnesotans. And yet state support for public goods and services has eroded over the past several decades: Relative to the size of the state's economy, we are now spending 10 percent less on public goods and services and 28 percent less on public sector payroll than we did 30 years ago.²

As the tax committee, we are looking to you to stop and reverse this harmful trend of divestment. We are asking that you protect the revenue streams that enable the state to invest in important public services, public sector workers, and broad social well-being.

The state's budget surplus represents an important opportunity to reinvest in the health and well-being of all Minnesotans. It is also a moment to reflect on current historic inequality, which has allowed more and more wealth to flow to the top, while lower- and middle-income earners struggle to make ends meet. We must do more to ensure all Minnesotans can access life's basic necessities, and that the richest among us contribute to our collective prosperity.

Full Social Security exemption works in opposition to all of these goals. It channels more to the top and imperils the public goods and services, such as nursing homes and long-term care work that seniors depend on, and which require substantial state resources.

We understand the desire to provide relief to low-income seniors, but we feel that tax cuts are a poor mechanism for accomplishing this goal. Because the majority of Social Security benefits are already exempt, this policy would exclude the vast majority of the state's low- and middle-income seniors, and would provide very little to those middle earners that are included. Meanwhile, the top 20 percent of all retirees would receive nearly 70 percent of the total benefit.

We appreciate the more measured approach proposed in the budget from Gov. Tim Walz and Lt. Gov. Peggy Flanagan, which provides targeted tax cuts to lower-income seniors but guards against a costly and regressive handout to top earners. This would be far preferable to full exemption, which is roughly six-times the cost.

¹ To add your organization's name, please email Eric@WeMakeMN.com

² *Underfunded Minnesota*. North Star Policy Action. <https://northstarpolicy.org/underfundedminnesota/>.

Signed

100% Campaign

Education Minnesota

Faith in Minnesota

ISAIAH

Land Stewardship Project

SEIU Healthcare Minnesota and Iowa

SEIU State Council

Minnesota Nurses Association

We Make Minnesota